

OIL & GAS CONSERVATION COMMISSION  
Meeting: January 16, 1981  
Mr. W. E. Allen, Executive Secy.





OFFICE OF

**Oil and Gas Conservation Commission**  
STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007  
PHONE: (602) 255-5161

A G E N D A

Meeting  
January 16, 1981  
1645 West Jefferson, Room 420  
Phoenix, Arizona

10:00 a.m. Call to Order

1. Approval of Minutes of Meeting of September 19, 1980
2. Report of Executive Secretary
3. Report of Enforcement Section
4. Old Business
5. New Business
6. Adjourn

IF YOU ARE UNABLE TO ATTEND THIS MEETING, PLEASE NOTIFY THIS OFFICE AS SOON AS POSSIBLE.

OIL AND GAS CONSERVATION COMMISSION  
1645 West Jefferson Street  
Suite 420  
Phoenix, Arizona 85007

Minutes of Meeting  
September 19, 1980

Present:

Mr. Ralph W. Bilby, Chairman  
Mr. Hal Butler, Vice Chairman  
Dr. J. Dale Nations, Member  
Mr. L. A. Palmer, Member

Absent:

Mr. Johnny Gregovich, Member

The regular Commission meeting of September 19, 1980 was called to order by Chairman Ralph Bilby at 10:00 a.m.

Minutes of the meeting of May 16, 1980 were approved as written.

Reports of the Executive Secretary, Enforcement Section and Geology Section were accepted.

The Executive Secretary advised that the Commission might wish to consider increasing the amount of the performance bond required for drilling a well. Presently, a \$5,000 bond is required for drilling one well, or \$25,000 for multiple wells. As the rules and regulations are presently being revised, any changes in the amount of bond required could be included in the revision. After discussion, the Executive Secretary was instructed to submit estimated costs of plugging wells at the next meeting of the Commission.

The Executive Secretary introduced Mr. Don Reville of the Executive Budget Office who was present to interpret the Department of Administration's requirements in the completion of the 1981-1982 budget request. In discussing the Commission's budget request for 1981-1982, the Executive Secretary advised that all state departments received an executive directive from the Governor that budget requests be reduced 10% from the approved 1980-1981 budgets under which the departments are now operating. Mr. Reville elaborated that it is anticipated there will be insufficient funds to honor budget requests at the 1980-1981 level, thus a 10% reduction is being requested, although the final allotment might vary.

The Executive Secretary suggested that the Geologist II be terminated because 1) the Commission at this time does not require the exclusive services of a geologist, 2) the Commission has a capable and experienced petroleum geologist in the person of Don Whittaker, Director of Enforcement, and 3) the termination of this position would solve the budget problems regarding

Minutes of Meeting  
September 19, 1980  
Page 2

the Governor's request for a 10% cut in the 1981-1982 budget as compared with the 1980-1981 budget. After discussion, it was moved and passed that the Geologist II position be eliminated from the 1981-1982 budget request and that Mr. Salvatore Giardina be advised that his position will terminate on December 31, 1980.

After discussion of the proposed budget request for 1981-1982, it was moved and passed that the budget be approved as outlined, and that the Executive Secretary so advise the Executive Budget Office and the Joint Legislative Budget Committee, in writing, including the amendment outlined previously regarding the termination of the Geologist II position.

The meeting adjourned at 11:45 a.m.

APPROVED                      January 16, 1980

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Also Present:

Dr. Larry Fellows, State Geologist  
Mr. Don Reville, Executive Budget Office

Minutes of Meeting  
September 19, 1980  
Page 2

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The meeting adjourned at 11:45 a.m.

APPROVED                      January 16, 1980

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Also Present:

Dr. Larry Fellows, State Geologist  
Mr. Don Reville, Executive Budget Office

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1645 West Jefferson Street  
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Phoenix, Arizona 85007

The regularly scheduled meeting for November 21, 1980 was not held because a quorum would not be present.

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Ralph W. Bilby, Chairman



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**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007  
PHONE: (602) 255-5161

ACTIVITY REPORT

January 6, 1981

W. E. Allen  
Executive Secretary

It appears that the Executive Budget Office (EBO) has accepted our budget with only a few minor changes. We have had no comments on this budget from the Legislative Budget Committee - from past experience this may be a good sign. I am particularly pleased that the Budget Office accepted our recommendation for an increase in out-of-state travel. If this increase is approved as is by the Legislature, it will allow either Don or me to attend a select few meetings dealing with regulatory or educational matters.

We have about completed reviewing our rules and regulations regarding suggested changes and have also prepared a rough draft for suggested rules pertaining to the pricing of natural gas. As yet to be reconciled with the State Health Department are rules governing underground injection control. I will meet with the Health Department people later this week on this matter.

I would like the opportunity to discuss this rule situation with you at our meeting on January 16th.

In view of the vast amount of acreage under lease for oil and gas exploration, 1980 has been very disappointing. Only eight wells have been started; two are temporarily abandoned, one is still drilling and the remainder have been plugged and abandoned.

We may have something definite on the Phillips well by meeting time next week. By definite, I mean are they going to continue drilling to 20,000 feet or will they plug this hole at 18,000 feet. Phillips is preparing a location for a second well near Tombstone. We haven't received an application to drill but we expect one shortly.

Executive Secretary  
January 6, 1981  
Page 2

While on the subject of Phillips, they are in the process of preparing a unitization agreement covering approximately 57,000 acres in Cochise County. Some 40,000 acres will be state or fee land, the balance federal land.

You, of course, are aware that the Legislature convenes next week. I have no knowledge of any legislation that may be proposed which would affect this Commission. I will keep close watch on bills as they are submitted and will keep you informed of anything that might concern this Commission.

Let's all join in wishing Arizona a prosperous new year, with several oil or gas discoveries in the state.

A belated happy new year to you.



OFFICE OF

**Oil and Gas Conservation Commission**

STATE OF ARIZONA

1645 WEST JEFFERSON, SUITE 420

PHOENIX, ARIZONA 85007

PHONE: (602) 255-5161

ACTIVITY REPORT

January 7, 1981

Don Whittaker  
Director, Enforcement Section

Regulatory Activities. Since our last meeting we have issued two drilling permits:

1. Union Oil Co. of California  
Geothermal Division  
Location: Section 8, Township 23S, Range 30 East, Cochise County  
Proposed depth: 1000'  
  
This well was drilled to a total depth of 715' and completed as a thermal gradient test hole. We have received no information from temperature observation results.
2. Jay Shields  
Location: Section 24, Township 41 North, Range 1 West, Coconino County  
Proposed depth: 1000'  
  
Well drilled to total depth of 470'  
Core cut, 456 to 470. Recovered 14'  
Reported oil stain, 456-466'  
Operations have been suspended awaiting core analysis and recommended stimulation procedures from Haliburton. Haliburton has advised that the formation should react to an acid frac. Shields has advised he will attempt completion starting approximately January 15, 1981. Show is in a sandy dolomitic section of the Kaibab Formation.

A performance bond has been received from the Sierra Oil Co., Denver, Colo. They propose to drill a well in Apache County, located in section 32, Township 21 North, Range 27 East. Well will be drilled to granite at approximately 3900'. As of this date we have not received their application for the permit.

Status of Permits Issued

Ralph Whitmore, Santa Cruz County  
Temporarily abandoned. Six-month extension granted October 2nd.

Gulf Oil Co., Mohave County  
Total depth: 5900' Precambrian. Dry and abandoned.

AN-SON Corp., Yuma County  
Total depth: 2883' - bottomed in volcanic material  
Slight show reported in the Bouse Formation at 2270'  
Dry and abandoned

NANO'LTEX #1, Pima County  
Total depth: 1044' - bottomed in volcanic material. Dry & abandoned.  
Have stated they will not drill the #2 and #3

Activity Report  
January 7, 1981  
Page 2

Phillips Petroleum, Pinal County  
Depth @ 17,700' in granite - drilling ahead

Pyramid Oil Co., Rock Creek No. 2 Federal, Mohave County  
Moving in rig

Copaquen # 1 & 2, Coconino County  
Requested 90-day extension from November 28th. Extensions  
granted

Location published in Petroleum Information report for Kenai Oil & Gas in section 7, Township 40 North, Range 29 East, scheduled to 5740'. This is in the Teec Nos Pos area on the Navajo Reservation. They have not made application with our agency for a drilling permit as yet.

At our last meeting Mr. Allen discussed the possibility of increasing the state performance bond. At his request I obtained the attached cost figures as submitted by Haliburton and Aztec Well Service for plugging a typical well in Arizona. This figure is approximately \$10,000.

Bill and I are currently working with the Health Department on underground injection control regulations and with the Water Resources Board on ground-water rules and regulations.

PHONE 334-6191  
P. O. BOX "B"



AZTEC, NEW MEXICO 87401

JERRY WAYNE SANDEL  
PRESIDENT

RECEIVED

OCT 22 1980

O & G CONS. COMM.

October 20, 1980

Oil and Gas Conservation Commission  
State of Arizona  
1645 West Jefferson, Suite 420  
Phoenix, Arizona 85007

ATTENTION: Don Whittaker  
Director, Enforcement Section

Dear Sir:

In response to your letter regarding the cost in plugging a 5,000 foot well approximately 350 miles from Aztec, New Mexico, would be approximately \$6,090 including the crews and power tongs.

We do not have any tubing for rent nor do I have an approximate cost for the rental of the tubing.

If you need any additional information please contact us.

Sincerely yours,

*Jerry Sandel*  
Jerry Sandel  
President

JS/kg



P.O. Box 2478  
El Centro, CA. 92244

September 29, 1980

RECEIVED

OCT 2 1980

O & G CONS. COMM.

Don Whittaker  
Director  
Enforcement Section  
Oil & Gas Conservation Commission  
State of Arizona

Dear Don:

In regards to your letter asking for prices of plugging to abandon. I am sending you an example job of the one you described in your letter. We charge by depth on plugbacks and if you do all three plugs within an eight hour period you're only charged for the deepest plug. If it goes beyond the eight hour period you'll be charged for each eight hour tour or portion after that. Also permits for the state of Arizona will be added to the invoice. I am sending you a copy of our price sheet for plugging back for your area. These prices are subject to change. I hope this will help you. If you have any questions please call.

Yours truly,

A handwritten signature in cursive script that reads "R.L. Bangs".

R.L. Bangs  
Field Supervisor

cc: R.L. Jewell  
J.C. Perritt  
File

RLB\*sc



A DIVISION OF HALLIBURTON COMPANY

REMIT TO  
 P. O. BOX 84737  
 DALLAS, TEXAS 75284  
 DIRECT ANY CORRESPONDENCE TO  
 P. O. DRAWER 1431  
 DUNCAN, OKLAHOMA 73533

PAGE 1 OF  
 PAGES

FIRM NAME WELL NO. AND FARM <b>EXAMPLE</b>		COUNTY	STATE <b>ARIZONA</b>	DATE
ADDRESS		OWNER	DUNCAN USE ONLY	
CITY, STATE, ZIP		CONTRACTOR	LOCATION <b>1 El Centro,</b>	CODE <b>05330</b>
DUNCAN USE ONLY <b>EXAMPLE ONLY</b>		SHIPPED VIA <b>Co. Truck</b>	LOCATION <b>2</b>	CODE
		DELIVERED TO <b>Location</b>	LOCATION <b>3</b>	CODE
		ORDER NO.	BULK MATERIAL DELIVERY TICKET NO. <b>B-</b>	
TERMS: <b>NET</b>		TOTAL ACID-30 DAYS	WELL TYPE	COIL
DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 60 DAYS FROM DATE OF INVOICE.		TYPE AND PURPOSE OF JOB <b>Plug to Abandon</b>		

PRICE REFERENCE	SECONDARY REF. OR PART NO.	CODE		DESCRIPTION	UNITS 1		UNITS 2		UNIT PRICE	AMOUNT	
		L	D		QTY.	MEAS.	QTY.	MEAS.			
		1	C	MILEAGE	400	mi.	1	unit	\$1.70	680.00	
R 009-019		1	C	Pumping Charges	5,000	Ft.			\$1340	\$1340.00	
R 009-027				(Ea. additional 8 Hours only if job takes over 8 hrs. on location)					\$1070		
				Cement API Class "G"	110	sq.			6.55	720.00	
				(Permits f/Arizona will be added to ticket)							
500-207				SERVICE CHARGE ON MATERIALS RETURNED	110	CU. FT.			.76	83.60	
500-306				SERVICE CHARGE	10,340	LB. WEIGHT	400	LOADED MILES	.58	1199.44	

WAS JOB SATISFACTORILY COMPLETED? _____ WAS OPERATION OF EQUIPMENT SATISFACTORY? _____ WAS PERFORMANCE OF PERSONNEL SATISFACTORY? _____	<b>TAX REFERENCES</b> _____ _____ _____	<b>SUB TOTAL</b> TAX TAX TAX <b>TOTAL</b> <b>3920.04</b>
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Customer or His Agent \_\_\_\_\_ Halliburton Operator \_\_\_\_\_



## CEMENTING SERVICES

July 1, 1980

Applicable to Arizona, Colorado, Montana, Nevada, North Dakota, Northwestern New Mexico, South Dakota, Utah, Western Nebraska, and Wyoming

PRICE REF. NO.	DESCRIPTION	PRICE
<b>CEMENTING THROUGH TUBING OR DRILL STEM PER UNIT</b>		
(Depth charge is calculated from lowest point of circulation. Tour charges are applicable when work is done in successive stages with unit continuously on location.)		
First 8 hours or fraction, per unit:		
<b>R009-019</b>	<b>PLUGGING BACK, SPOTTING CEMENT OR MUD, by displacement or balance methods:</b>	
	0' to 300' .....	\$ 500.00
	300' to 1,500' .....	500.00
	Plus per foot below 300' .....	.55
	1,500' to 3,000' .....	1,160.00
	3,000' to 5,000' .....	1,160.00
	Plus per 100' or fraction below 3,000' .....	9.00
	5,000' to 7,000' .....	1,340.00
	Plus per 100' or fraction below 5,000' .....	16.00
	7,000' to 9,000' .....	1,660.00
	Plus per 100' or fraction below 7,000' .....	23.50
	9,000' to 11,000' .....	2,130.00
	Plus per 100' or fraction below 9,000' .....	44.00
	11,000' to 13,000' .....	3,010.00
	Plus per 100' or fraction below 11,000' .....	85.00
	13,000' to 18,000' .....	4,710.00
	Plus per 100' or fraction below 13,000' .....	99.00
	18,000' to 25,000' and below .....	9,660.00
	Plus per 100' or fraction below 18,000' .....	101.00
<b>R009-027</b>	Each additional 8 hours or fraction on location, per unit .....	1,070.00
<b>R009-134</b>	SQUEEZING CEMENT or other materials (not oil) in open hole or through perforations or leaks in casing .....	Same as Price Ref. R009-019 and R009-027.
<b>R009-308</b>	COMBINATION PLUG-BACK AND CASING JOB by displacement method when plug-back job performed prior to casing job. (Prices in addition to ref. R001-016):	
	0 to 8 hours .....	998.00
	8 to 16 hours .....	1,242.00
	16 to 24 hours .....	1,465.00
<b>R009-316</b>	More than 24 hours .....	Same as Price Ref. R009-019 and R009-027.
<b>R009-407</b>	CEMENTING LINERS OR SHORT CASING STRINGS .....	Same as Price Ref. R009-019 and R009-027.

MONTHLY FINANCIAL REPORT

RECEIPTS MONTH OF DEC 1980	CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
-0-	1 Permits to Drill			2 00 00
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
-0-	TOTAL CURRENT MONTH RECEIPTS	-0-		XXXXXX
XXXXXX	TRANSFERS IN			
XXXXXX	BALANCES BROUGHT FORWARD	2 00 00		XXXXXX
-0-	TOTALS - MONTH AND YEAR TO DATE	2 00 00		2 00 00

CLAIMS PAID MONTH OF DEC 1980	FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
8,560 50	1 Personal Services	56,550 00	50,789 50		5,760 50
1,442 34	2 Emp. Related Exp.	11,150 00	9,257 90		1,892 10
	3 Professional Services	1,500 00	34 65		1,465 35
698 23	4 Travel - State	4,200 00	2,917 71	717 33	564 96
570 21	5 Travel - Out of State	2,000 00	1,096 74		903 26
453 02	6 Other Operating Exp.	12,201 48	8,765 46	264 20	3,171 82
	7 Capital Outlay-Equipment	500 00	157 50		342 50
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
11,724 30	TOTALS	88,101 48	73,019 46	981 53	14,100 49

AGENCY Oil & Gas Conservation Commission

DIVISION \_\_\_\_\_

IDENTIFICATION CODE NO. \_\_\_\_\_

1		2		3		4	
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES		CLAIMS PAID MONTH OF		DEC. 19 80	
		CLASSIFICATION					
14,352.95	71130	1	Salary: Appointed Official	1		2,412.26	
390.00	71140	2	Per Diem: Commission Members	2		90.00	
36,046.55	71150	3	Salaries: Staff	3		6,058.24	
538.17	71510	4	Emp. Related: Workmens Comp	4		91.99	
151.14	71520	5	Unemployment Insurance	5		25.40	
2,834.17	71530	6	F.I.C.A.	6		369.61	
3,527.99	71542	7	Retirement	7		592.94	
1,046.72	71551	8	Health Insurance	8		178.08	
360.00	71552	9	D&L Insurance	9		60.00	
558.60	71570	10	Personnel Comm. Pro Rata Charges	10		94.15	
241.11		11	Dental Insurance	11		30.17	
	72122	12	Professional Serv: Court Reporter	12			
3465	72169	13	Cartographic Symbols	13			
	72199	14	Cartographer	14			
278.44	72511	15	Travel-State: Mileage - Private Vehicles	15			
2,352.27	72512	16	Mileage - State Vehicles	16		588.23	
280.00	72520	17	Subsistence	17		110.00	
	72531	18	Air Fare	18			
	72543	19	Parking	19			
3.00	72549	20	Misc.	20			
265.34	72560	21	Travel-Out of State: Subsistence	21		116.81	
727.00	72571	22	Air Fare	22		360.00	
26.00	72574	23	Taxis	23		15.00	
50.00	72581	24	Registration Fees	24		50.00	
28.40	72589	25	Other-Telephone, etc.	25		28.40	
4,450.00	72711	26	Occupancy: Office Rent	26			
	72821	27	Mtn & Repairs: Furniture	27			
	72823	28	Adders & Calculators	28			
	72824	29	Typewriters	29			
70.00	72826	30	Copy Machine, Other	30			
300.00	72827	31	Reader-Printer	31			
	73111	32	Office Supplies: Printed Stationery & Envelopes	32			
	73113	33	Carbon & Ribbons	33			
	73117	34	Reproduction Supplies	34			
335.48	73119	35	Misc. & Blue Prints	35		207.38	
	73514	36	Printing: Large Maps, etc.	36			
246.81	73519	37	Misc.	37			
	73524	38	Legal Advertising	38			
	73531	39	Subscriptions: Newspaper	39			
	73533	40	Technical Journals	40			
77.00	73541	41	Postage Stamps	41			
85.98	73551	42	Telephone Serv: Central System	42		19.18	
412.75	73552	43	Equipment Rental	43		82.53	
69.38	73553	44	Long Distance	44		21.14	
127.30	73554	45	ATS Service Charge	45		24.47	
50.91	73559	46	Tax & Directory Assistance	46		8.45	
1,500.00	73720	47	Organization Dues	47			
147.50	73730	48	Technical or Reference Books	48		67.50	
600.00	73741	49	Insurance	49			
	73770	50	Registration Fees	50			
250.00	79220	51	Revolving Fund	51			
22.35	73555	52	Telephone Serv: Installation Serv. Charge	52		22.35	
20.00	73760	53	Seminar	53			
157.50	74338	54	Capital Outlay - Microfiche	54			
		55		55			
73,019.46		TOTAL				11,724.30	

OFFICE

(DO NOT WRITE BELOW THIS LINE)

FIELD